

MONTANA BOARD OF HOUSING

301 S. Park – Room 228, Helena MT

January 12, 2009

ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Betsy Scanlin, Vice Chairman (Present)
Susan Moyer, Secretary (Present)
Bob Gauthier (Excused)
Jeanette McKee (Present)
Jeff Rupp (Excused)
Audrey Black Eagle (Excused)

STAFF: Bruce Brensdal, Executive Director
Chuck Nemec, Accounting
Penny Cope, Marketing & Web Specialist
Paula Loving, Administrative Assistant
Charlie Brown, Homeownership Program
Vicki Bauer, Accounting
Craig Woods, Accounting
Jeannene Maas, Homeownership Program
Julie Hope, Homeownership Program
Doug Jensen, Homeownership Program

COUNSEL: Pat Melby, Luxan and Murfitt

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Tony Preite, Director of Montana Department of Commerce.
Jeff Miller, Rocky Mountain Development Council
Gene Leuwer, Rocky Mountain Development Council
Heather McMilin, homeWORD
Andrea Davis, homeWORD
Dean Dardzinski, Mortgage Guaranty Insurance Corporation
Kimberly Veeder, Mortgage Guaranty Insurance Corporation
Cindy Donnell, RD
Craig Jones,
Maureen Rude, Neighborworks Montana

CALL MEETING TO ORDER

Chairman JP Crowley called Montana Board of Housing (MBOH) Board Meeting to order at 8:35 a.m. Tony Preite, Director of Montana Department of Commerce, welcomed everyone to the Department of Commerce and expressed his gratitude for the volunteerism, especially during these economic times.

APPROVAL OF MINUTES

Betsy Scanlin moved to approve the amended minutes, recognizing that Jeanette McKee was present at November 18, 2008 meeting, and Susan Moyer seconded the motion. Chairman Crowley asked for comments. The amended November 18, 2008 minutes were approved unanimously.

Jeff Miller, Rocky Mountain Development Council, presented the Board with a framed watercolor picture of their Eagle Manor III as a token of appreciation for the role that the Board played in the completion of the project. Jeff offered the Board a tour of the Eagle Manor III project following the meeting.

FINANCE PROGRAM

Chuck Nemec provided the board with a finance update including the Legislative Audit Division Report. The report has two audits; one being the State and Federal compliances and the other being financial reports. The Financial Report audit opinion is without findings. There was one State compliance finding about implementing written internal control procedures over the preparation and review of financial statements. MBOH has responded to the auditors and is working to correct this condition. Betsy Scanlin, through her reading of the report, questioned whether the Board is receiving adequate information. Bruce clarified the auditor report finding by explaining the board's financial information is ok but the auditor is recommending how it is prepared can be improved.

MULTIFAMILY PROGRAM

Bruce Brensdal updated the Board on the Multifamily Program due to the absence of Gerald Watne, who was attending the NCSHA Conference in Washington D.C. Bruce announced Mary Bair was selected as the new Multifamily Program Officer.

Bruce informed the Board of the Qualified Allocation Plan (QAP) workshop for 2010 is tentatively set for May 18, 2009 in Great Falls. The application deadline for 2009 Low Income Housing Tax Credits (LIHTC) is January 16, 2009.

Bruce introduced Andrea Davis from homeWORD, who provided an update on the Ouellette Place Project's returned tax credits. Bruce clarified that these returned tax credits will be allocated during the 2009 tax credit allocation. (Discussion regarding allocation timeline and public hearing).

Bruce brought a request for a Reverse Annuity Mortgage Program (RAM) exception. The exception is for a female who is requesting a lump sum of \$23,000 to pay off an existing mortgage. Susan Moyer moved, Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The request for the lump sum pay off RAM was approved unanimously.

HOMEOWNERSHIP PROGRAM

Due to the absence of Nancy Leifer, who also was attending the NCSHA Conference in Washington D.C., Charlie Brown provided the update on Bond Issue, Market and Rate. Charlie informed the Board of the rate drop last week. The rate is now at 5.875% if we pay points and 5.75% if borrower pays points, which is the lowest MBOH can go on this bond issue.

Jeannene Maas presented a request for another allocation to the Mortgage Credit Certificates (MCC) Program. The current funding should last for three to four months; however, it takes approximately three months to launch a new MCC Program. Therefore, the staff is recommending that the Board elect not to issue \$10 million of private activity bonds, creating \$2.5 million of tax credits, which would support \$12.5 million in mortgages. The new program would have until December 31, 2011 to issue the tax credits created in this program.

Betsy Scanlin moved to approve and Susan Moyer seconded the motion. The Chairman asked for comments. The motion was approved unanimously.

Jeannene Maas informed the Board of the \$401,000 grant received from NeighborWorks America to support Foreclosure Prevention Counseling Efforts. Jeannene expressed appreciation, on behalf of the Board, to NeighborWorks Montana for their extraordinary and successful efforts to write the grant application. She then introduced Maureen Rude, Operations Manager for NWMT, who gave an update on the ongoing efforts in Foreclosure Prevention across the state.

Charlie Brown provided the Board with information regarding a recent outreach to all the participating lenders which, more clearly and succinctly, explains the MBOH programs. There is a newly developed loan guide sheet which will be sent to each lender for easy reference and clarification.

Charlie Brown updated the Board on the extension agreement for the Cooper Street Project in Red Lodge. All parties are optimistic that the last two lots will sell in the spring.

Charlie Brown presented a suggested revision for Private Mortgage Insurance (PMI) Coverage. Staff recommended the Mortgage Backed Security (MBS) PMI be changed to include: unemployment coverage for borrowers at a minimum of \$1,500 per month for "up to six months of payments, available up to" a minimum of three years after origination; and PMI Providers must be approved by MBOH to ensure that all "pmi" loans, regardless of LTV, have unemployment coverage. Jeanette McKee moved to approve staff's recommendation and Susan Moyer seconded the motion. Chairman Crowley asked for comments. The motion was approved unanimously.

Charlie Brown introduced Dean Dardzinski and Kimberly Veeder from Mortgage Guaranty Insurance Corporation (MGIC). Dean provided a brief history of MGIC and its financial status. Betsy Scanlin moved to approve MGIC as a provider of private mortgage insurance on MBOH MBS loans and Jeanette McKee seconded the motion. The Chairman asked for comments. MGIC was approved unanimously as a provider of private mortgage insurance on MBOH MBS loans.

Doug Jensen provided a delinquency report including a by-county breakdown. Doug has been working with the servicers on loss-mitigation to help borrowers with foreclosures. These include incorporating repayment plans for borrowers and short sales.

Charlie Brown provided an update on the Set-aside programs. Staff recommended the approval of an allocation of \$5 million of pre-Ullman funds to the Down Payment First Mortgage Set-aside Pool. Jeanette McKee moved to approve the allocation of funds to the Down Payment First Mortgage Set-aside Pool and Susan Moyer seconded the motion. Chairman Crowley asked for comments. The allocation was approved unanimously.

Charlie Brown provided an update on Habitat for Humanity. MBOH is working with Habitat for Humanity on interest rates going forward. Habitat for Humanity is working on a national level to establish a mechanism to allow Habitat organizations to pay a low interest rate on home loans while the borrower still has a zero interest rate on their loans .

EXECUTIVE DIRECTOR

Penny Copy informed the Board of the upcoming Commerce Day in the Rotunda on March 10th and that Housing is also working with NeighborWorks MT on the Housing Day event which will take place in the Rotunda on April 1st.

Bruce Brensdal provided the Board with a list of legislative bills being discussed this legislative session. Betsy Scanlin asked for a summary for the Montana Housing Fund. Bruce will provide this information.

Bruce provided the Board with two upcoming conferences: NCSHA's 2009 Legislative Conference on March 2-4, 2009 and Mountain Plains regional Housing Summit on May 4-6, 2009.

Discussion regarding meeting places regarding the travel expenses. Chairman Crowley expressed the Governor's expressed wishes to reduce travel expenses for Boards. Betsy Scanlin expressed the need to have public involvement. Pat Melby agreed with Betsy. The Board agreed to look at reducing costs.

Meeting adjourned at 10:50 a.m.

Susan Moyer, Secretary

Date